

# STATEWIDE FISCAL POLICY ADVISORY COMMITTEE MINUTES

Thursday, January 10, 2008

In attendance: Merideth Hackney, SCO      Randy Smith, H&W  
David Fulkerson, DFM      Jim Carter, SCO  
Don Berg, LSO

## **Agenda 1: Minutes**

Minutes for last meeting (10/11/2007) approved with minor rewording to Agenda Item 2.

## **Agenda 2: Education Expenses**

Merideth reported that the State Controller's Office has drafted a memo to send to agencies in regard to education expense reimbursement. The memo refers them to the IRS publications that include guidelines for determining the taxability of employee reimbursements. The memo also includes directions on how an agency can process taxable reimbursement through the payroll system. Prior to this, the SCO did not have the procedures in place that would allow an agency to comply with rules for taxing the individual.

## **FPAC Guidelines vs. Policies**

Merideth had sent an e-mail to agencies asking for comments and suggestions in regards to FPAC developing a guidelines or best practices section to the FPAC manual. She received several positive responses from agencies and several suggested topics for consideration:

Here is a summary of the responses Merideth received. All were very supportive.

<b><u>Respondent</u></b>	<b><u>Agency</u></b>	<b><u>Suggestions</u></b>
Theo Lowe	Corrections	travel and pcard rules
John Hammond	Water Resources	
Jim Fenton	HD1	best practices, other links to official sites
Sherrill Geddes	SCO	cash management, receiving (GFOA has some excellent best practices information)
Carri Rosti	ITD	OMB Circulars, grants and cooperative agreements
LeRae Nelson	Military	
Marsi Woody	ISP	
Steve Allison	BSU	IRS matters, non-resident alien regs, unrelated Business Income Tax return, payroll related guidance, FLSA, independent contractor
Margaret Campbell	LSO	prepaids and payables

In addition to these suggested policy topics, Darla Rankin had asked Merideth about whether or not travel expenses have to be recorded on one single form. The committee

members agreed that they should and they noted that their respective agencies use a single form for their travel processes. Merideth will collect the various forms to help with the development of SCO's re-write of the Travel Express application.

The committee suggested that a different format should be developed for guidelines that would distinguish them from policies. This will be discussed at the next meeting.

### **Agenda 3: Review of Policies**

#### **Review of General Information Policy**

Fourth bullet in the Committee Goals section was deleted; the fifth bullet point was moved to the Basic Parameters section. The fourth and fifth bullet point in the Basic Parameters section were deleted.

The first paragraph of the Application and Interpretation of the Manual section was deleted. Wording was changed in regards to the inclusion of administrative procedures.

The list of resource agencies was reviewed. David will check if changes need to be made in the description or contact information for the Department of Administrations Internal Management System and Information Technology divisions. He also recommended including Web site addresses/links for each agency.

#### **Review of Inter-Fund Borrowing Policy**

Wording describing Guidelines deleted. Fiscal Impact section deleted.

The committee agreed with Merideth to delete the Fiscal Impact section from all policies. David suggested that in those policies that have administrative procedures, the procedures section could begin on a separate page.

#### **Review of Funds Establishment Policy**

Make last two paragraphs of Preface section into a Policy section.

#### **Review of Petty Cash Policy**

Reversed the order of the two sections of the Administrative Procedures and reversed the order of the last two paragraphs of the Policy section.

#### **Review of Rotary Accounts Policy**

Deleted last sentence of Rotary Account Definition. David suggested adding some wording to the Policy section and the Disbursing Officer's Authority section regarding the timely disbursements of funds. Laura Steffler (STO) provided information about the signature authorization forms. This has already been added to the Policy.

### **Agenda 4: Update on Independent Contractors Policy.**

Postponed until Ed Bowden could present his findings.

## Agenda 5: Outside or Private Bank Accounts (National Conferences Policy)

Don Berg presented his findings and recommendations (See below). Don reviewed ITD's policy and noted that it is more procedure driven specifically for their organization. The primary issue in this policy or guideline is control of the account and the money. Merideth will work on including these findings in the current Conferences policy.

### PRIVATE BANK ACCOUNTS FOR CONFERENCES AND MEETINGS

State agencies are sometimes involved in organizing conferences and other business related gatherings for training and networking purposes specifically related to their mission. These conferences differ from staff meetings in that citizens and/or individuals outside of the organization participate.

The costs of these conferences are sometimes offset by fees charged to the participants or by funds from organizations or associations related to the agency's programs. Recording these funds in the STARS accounting system is an option, but this can create problems within the budgeting and reporting processes. It may also raise questions concerning the allowability of some costs generally associated with conferences that can exceed the limits and purposes established by State laws, administrative rules, and policies.

This policy is intended to provide guidance when conference funds are handled through a private bank account.

1. The purpose of the conference must be directly related to the agency's mission and involve participants and fund sources outside of the organization.
2. Funding is provided through sources other than State agency funds, such as registration fees or contributions from outside organizations.
3. The bank account must be established in the name of either a recognized related organization or entity with an EIN, or the State of Idaho. Accounts should not be established in the ~~agency name or name of the agency or of~~ an individual.
4. Written notification must be sent to the State Treasurer's Office and the Legislative Services Office Audit division identifying the reason for establishing the account, bank name and address, account number, and the anticipated dates that the account will be opened and closed.
5. Written procedures are needed to describe how receipts, disbursements, and bank reconciliations will be handled. The names and responsibilities of each individual involved in the process should be identified, with evidence that appropriate segregation of duties, management oversight, and related internal controls were considered when assigning these responsibilities.
6. The account should be closed promptly, generally within 60 days but no later than 6 months after the conference event, and any remaining balance appropriately distributed.
7. All supporting documentation, bank statements, ledgers, and related data must be retained for 3 years or until audited.

**Next meeting:** February 14, 2008 1:30 PM in the State Controller's Office, 4<sup>th</sup> Floor conference room A.

**Agenda:**

1. Independent Contractors review – Ed Bowden
2. Review updated policies from last meeting.
3. Discuss format of a guidelines document.
4. Discuss Contract Monitoring
5. Discuss Educational Expenses guideline
6. David suggested that FPAC poll agencies to see if there are any other issues that need guidelines or policies and bring those to the committee. Don Berg said he would ask that question in his staff meeting.